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NORTHEAST REGIONAL POULTRY AND EGG CONFERENCE ON CEILING
PRICES RELATED TO GRADING PROCEDURES

New York City, April 1 and 2

This conference was arranged by the Dairy and Poultry Branch of Food Distribution Administration, U. S. D. A., through the FDA Regional Administrator, Messrs. C. K. Powell and Henry Hamann, Dairy and Poultry Branch of the Food Distribution Administration, together with Mr. H. L. Shrader of the Extension Division, cooperated in conducting the meeting.

The objectives of the conference were as follows:

- a. To explain Maximum Price regulations for poultry products and plans for cooperation desired to obtain compliance.
- b. To explain Federal egg and poultry grade standards and organization and operation of Federal-State grading service.
- c. To plan educational and demonstration programs for (1) egg and poultry marketing agencies' personnel; (2) producers; and (3) consumers.
- d. To determine need for and develop plans for conducting egg and poultry grading schools for Federal licensed graders.
- e. To determine need for and develop plans for conducting egg and poultry grading schools for persons who plan to do non-official grading.

Mr. Robert A. Hanson, Deputy Administrator, called the meeting to order and spoke as follows: "Mr. Maben, Regional FDA Administrator, is unable to be here as planned because of poor train connections. Therefore, I wish to say for him that we are happy to have with us all of you state agricultural officials and poultry press representatives. I feel sure that we are all vitally concerned with the objectives of this conference and hope that we can work out some practical solutions to present poultry and egg marketing problems. I am confident that this group is well qualified to undertake such a task and wish to pledge the support of FDA regional and state personnel for any recommendations and plans that you may evolve. The meeting will now be turned over to Mr. C. K. Powell of our Dairy and Poultry Branch in Washington who I am sure can ably direct this conference."

Mr. C. K. Powell then gave the following message: "It is generally agreed that food is one of our very effective weapons of war....first, for the armed forces, second, the people at home; and third, the allied nations.

Food is even more than a weapon of war; it is one of our primary resources. By it nations are not only subdued, but may also be made friendly. During the past several years we have had bountiful crops; even to the extent that we have not been able to contain them. Some of last year's corn and soy beans have not yet been harvested. Food growing is a basic point on which every nation's strength is founded,

It is now known that eggs and poultry are high among the essential war foods, and week by week the demands on the industry are greater.

Much dependence is being placed upon eggs and poultry as a means of supplementing supplies of beef, veal, pork, and lamb of which there will be considerably less available for civilians than usual, due to heavy wartime demands.

At present there is every indication that egg production will be greater than the goal called for in 1943, but at the same time it is known that the rationing of meats is forcing civilians to eat more and more eggs. The estimated production of eggs for 1943 is set at about 60 billion eggs. Roughly, one out of every four eggs produced will be needed for military or Lend-Lease purposes in the form of dried whole eggs. At present reckoning, total need for this product will amount to some 400,000,000 pounds in 1943. This will include all presently visible Lend-Lease and military requirements. Manufacture of this quantity will take roughly 14 billion shell eggs.

The remainder of 1943 production will supply the need for hatching eggs, for exports in small quantities, and leave enough for per capita consumption at the rate, according to recent estimates, of 336 eggs annually. This is about 20 eggs per capita higher than consumption in 1942, but is below the record consumption of 1927 when the per capita rate was 342 eggs.

Just as there will be a market for every egg that can be produced in 1943, there also will be a market for every meat chicken. Present indications point toward the production of more meat chickens this year than in 1942, but attainment of the goal which was set 28 percent higher than production last year, is in some doubt, in spite of the fact that the demand for hatchery chicks is the greatest on record.

We realize that there will be difficulties such as shortage of labor, machinery, feed, etc., but generally speaking there are certain broad objectives which surely will be attained; these may be summarized as follows: first, increased production of eggs and poultry; second, the control of inflation; and third the efficient and economic handling of the product throughout the industry.

The immediate objectives of this conference are: To consider effects of OPA's Maximum Price Regulations for Poultry products and U. S. Department of Agriculture's Standards and Grades as related to the effective marketing of these products under war time conditions to best serve producers and consumers, including military forces and Lend-Lease purchases."

Mr. George Hanshaw, Commodity Specialist, OPA Food Price Section, New York Regional Office, delivered the following speech: "I think most of you are familiar with the purpose of this meeting and what has preceded in the form of action by the OPA in so far as the poultry orders are concerned. As the result of an act of Congress, the Emergency Price Control Act of 1942, as amended, and Executive Order issued by the President on October 3, 1942, an act to stabilize the cost of living, the Price Administrator issued Temporary Maximum Price Regulation number 22.

This regulation, effective October 5, 1942 fixed maximum prices for certain essential food products including poultry, and eggs at the highest price charged by the seller in the base period from September 28, 1942 to October 2, 1942. On December 3, 1942 this was superseded by a permanent regulation MPN No. 280 which continued in effect at the prices prevailing during the same base period. At the time Tempor-

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ary MPK No. 22 went into effect, it was the plan of the Administrator to issue a regulation having specific prices for the various varieties, grades and weight-sizes of poultry at selling points as soon as it could possibly be done. With respect to poultry items there were a number of objections to the use of the "Freeze" technique in establishing a maximum price. In the first place, prices for the different poultry items were in abnormal relationships to each other during the base period. Furthermore, maximum prices were established in certain markets which were out of line with those established in competing markets, thereby causing a situation which had a tendency to promote supply dislocations. Finally maximum prices were established for some sellers in a market at a higher level than those established for competitive sellers of the same class, for identical items thus permitting them an inequitable advantage.

Consequently Maximum Price Regulation No. 269 which named specific prices for turkeys, was issued, and became effective on November 9, 1942. It was so drawn that it could be revised at a later date to include specific prices for all other poultry items.

Accordingly, after consulting and advising with representative members of the industry, and after obtaining the approval of the Secretary of Agriculture, the price administrator issued Revised Maximum Price Regulation No. 269 setting maximum prices for all poultry items, which regulation we will discuss today.

As we are particularly interested in the northeastern part of the country, I will accent the effect upon this territory.

In a war-time economy, naturally, we are going to have to make adjustments from what we have been doing in peace-time, and necessarily, the economic forces which normally operate during peace-times will be changed by the very nature, of conserving and arriving at the most economic method of marketing and methods of distribution. Now, the important thing to bear in mind here is this - that the UPA is acting under a mandate from Congress - First - to control prices

Second - to control prices in such a way that the farmer is reflected a certain price within a certain range, and a certain principle must be observed in the manner of setting up prices in relationship to the farm prices

Revised Maximum Price Regulation No. 269 definitely covers the farmers and establishes maximum prices for their sales of poultry. The language in section 1429.1 reads -

"No Person shall sell or deliver the poultry items specified in this regulation at a price higher than the maximum prices permitted by this Revised MPK No. 269"

This wording includes farmers and other poultry producers.

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The principal deficit areas are the New York market and the eastern part of the United States. Surplus production of most types of poultry exists principally in the north and southeastern states with a surplus of certain poultry items existing in the south Atlantic states and the middle Atlantic states. The normal market movement of poultry has been from the middle west toward both east and west coast cities.

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There are about 210 western dressing plants whose poultry receipts would have to be doubled to accept the present army orders. Large amounts of poultry are being consumed in small towns near these dressing plants. One plant in Kansas is a good example as they normally ship one car every week, but now their output is quickly bought in the town of about 13,000 people.

I feel that large amounts of poultry and meat are being stored in neighborhood locker plants. From this you can see that the normal flow of dressed poultry has been disrupted. In other words, there just is not enough poultry at the present time to go around.

One U. S. Department of Agriculture man, who just returned from western dressing plants, says their receipts have been meager.

The farm parity price of chickens for September 1942 was 17.3¢ and for October 17.6¢. The actual price received by producers was 20.3¢ and 19.5¢ respectively which equals levels of 117½ and 111½ of parity respectively. Upon the basis of nominal relationships between prices at the farm and maximum prices at the first level fixed in this regulation, the maximum prices established will reflect to the producer up to 21½¢ per pound. On the basis of September and October 1942 farm parity prices this will mean 124.3½ and 122.2½ of parity for September and October 1942 respectively.

The general level of prices for wholesale items established in this regulation is generally higher than the highest prices prevailing for each item between January 1st and September 15th, 1942.

In September 1942 the farm price of chickens was 43½ above the price of January 1941, according to the mid-month price reports as published by the Bureau of Agricultural Economics. This increase was found to reflect to the producers of chickens, increases in labor and other costs incurred since that date. Inasmuch as the maximum prices established in this regulation are slightly above September 1942 prices for chickens, it is clear that the new maximum prices reflect the increases in labor and other costs since January 1, 1941 giving adequate weighting to farm labor.

This regulation sets maximum prices for processed poultry as well as live poultry. It would not have been necessary to have set maximum prices for live poultry destined for a processor, however, a small but significant part of live poultry is sold to certain consumers in such a manner as to give rise to inflated prices unless controlled. Prices of live chickens sold for processing are expected to be substantially below those sold to the classes of consumers mentioned due to the fact that

this regulation sets prices primarily for processed poultry. The differentials between live and processed poultry do not, therefore, constitute a processor's margin.

It might be well, at this time, to consider MPR 269 as it stands with its seven amendments. Six of these amendments are of minor importance.

Kindly make these corrections in amendment 6, table A - net weight kosher-killed, Kosher-dressed and dressed weight, to read:

Broilers	Under 2½
Fryers	2½ to 3½
Roasters	
Light	3½ to 5
Heavy	5 and over
Fowl	
Light	under 3½
Medium	3½ to 5
Heavy	5 and over

By reading the original regulation together with Amendment 6, we arrive at the pricing formula for poultry which means - all broilers, fryers, roasters, fowl, stags capons, old roosters, turkeys, ducks and geese including live, dressed, drawn, eviscerated and all other forms of the foregoing for sale for human consumption.

1. Exempt sales include all sales and purchases of breeding poultry when sold and purchased for breeding purposes only.
2. All sales and purchases of baby or "started" chicks, ducklings, goslings, and poult when sold for purposes other than for human consumption.
3. All sales and purchases of female poultry when sold or purchased for egg production purposes.
4. All sales and purchases of pigeons, squab, geese, quail and pheasants.
5. Retail sales except when sold by producers or processing plants.

This regulation provides a method for determining a maximum base price for poultry items at every place in the United States. These maximum base prices are delivered prices for poultry items delivered to buyers customary receiving points at any place. They do not apply at the seller's shipping point. Where bought at one place, say Indiana, for shipment to New York, his customary receiving point shall be where shipment ends, i.e., New York and not where shipment begins. The seller in Indiana calculates his f.o.b. ceiling to the buyer by using the New York price. For example - live fowl is 27¢. He then subtracts from such base price the adjusted freight rate from his point in Indiana to New York, say 3/4¢ and the result 26 1/4¢ shall be his maximum price for which he may sell live fowl. The same principle applies to dressed poultry. The adjusted freight rate means the lowest carlot railroad freight rate for dressed poultry multiplied by 1.22, and is used also for live poultry.

In the Eastern zone, i.e., all of the United States east of a line running south from Canada along the eastern shore of Lake Michigan, The Illinois-Indiana State Line; the Illinois-Kentucky state line and then south along the eastern bank of the Mississippi to the gulf. West of this line is called the Western zone. In the Eastern zone, the base price at the buyer's customary receiving point, i.e., that is where the shipment ends, is calculated by taking the Chicago price from Table A, which is 26¢ for live fowl, and adding the adjusted freight rate from Chicago to any place in the Eastern zone. The actual dressed poultry freight to New York is .82¢ per pound; multiplied by 1.22 comes to 1¢, so the New York price is 27¢ as shown in Table A.

The regulation describes the difference between Kosher-killed, and Kosher-dressed-and-plucked poultry. Kosher-killed is poultry which is killed and bled in accordance with the requirements of Hebraic dietary laws. Except in case of Ducks, these Kosher-dressed-and-plucked prices are set at a level of 1½¢ to 2¢ a pound higher than the prices for dressed poultry and at a level of 1¢ per pound higher than the prices for kosher-killed poultry because of the high cost of dry plucking. Furthermore, the shrink resulting from dry-plucking justifies the higher charge.

Certain monthly adjustments in the base price, for dressed, drawn and quick-frozen eviscerated turkey items are allowed.

Prices for drawn and quick-frozen eviscerated poultry when sold in split, cut-up form, shall not exceed the amount which could be received by the sale of the whole bird of the same grade and weight as specified in Table A. Table B permits increases for sales to certain buyers by wholesalers, hotel supply houses, producers or processing plants when they customarily sell in less than wholesale quantities. Table B also permits an increased price by any type of seller to the Government or any agency thereof. The term, - Selected classes, means a 14,000 pound or larger assortment of dressed poultry all of which is packed into one truck or freight car, 95% of which consists of no more than three dressed poultry classes (poultry classes means poultry of one type, one grade and one uniform weight, within a small tolerance).

Any type of seller may add 1/2¢ on the sale of any dressed poultry item of more than 14,000 pounds for selected classes to retailers or commercial industrial, institutional or non-federal government users.

Maximum prices for sales by producers of processing plants at retail, i. e., to an ultimate consumer other than a commercial institutional, industrial, or governmental user, is calculated by adding 1½¢ per pound to the maximum base price at his shipping point for any poultry item and shall multiply the sum obtained by 1.20.

In cases of mail order sales, the seller may add to such maximum selling price his actual expense of mailing expense to the buyer's receiving point. You will note in this last case, the maximum base price used is the shipping point of the seller and not the customary receiving point of the buyer, in establishing the base.

Ducks - are priced in amendment 6 by a new method. Maximum base prices are set for live, kosher-killed and kosher-dressed-and-plucked items as follows:

Live Ducks - 27¢ per lb.
Kosher-killed - 28¢ per lb.
Kosher-dressed
and plucked 30¢ per lb.

In the case of dressed, drawn and quick-frozen eviscerated duck items, New York is established as the basing point city on sales in the Eastern Zone. Prices for dressed, drawn and quick-frozen eviscerated ducks in the Eastern Zone shall reflect the quotations for Long Island Ducks, the major source of duck supply in this section of the country, and mirrors the New York base price, plus the freight rate from that City to the place of sale. In general, this may add about $\frac{1}{2}$ ¢ per lb. to the present ceilings in sales areas as far west as Chicago.

The new ceiling prices for Ducks in New York are -

Dressed	27¢
Drawn	38 $\frac{1}{2}$ ¢
quick-frozen eviscerated	41 $\frac{1}{2}$ ¢

Every seller and purchaser subject to this regulation dealing in poultry and eggs to a value of over \$200.00 for one month shall keep for inspection by OPA, a complete and accurate record of each sale or delivery of poultry items showing the date, the name and address of the buyer and seller, the quantities, varieties, grades and weight-classes bought and sold, the dressed live condition of the poultry bought and sold, the type of sale made, i.e., delivered or non-delivered and the price paid or received.

The other sections of this regulation, i.e., those covering less than maximum prices; evasion, sales for export; petitions for amendment; enforcement; etc. which are customarily found in all OPA regulations, follow the usual procedure.

I have left the grading question to the last - as you, gentlemen, are much more familiar with this phase of the regulation than I am. We refer to the U. S. Department of Agriculture specifications to be used for standards and grades.

Table A, the prices therein refer to Grade A poultry items; grade standards for all live poultry items are now established by the provision that "Tentative United States standards for grades for live poultry" shall apply to all sales, purchases or delivery of live poultry items.

Prices for Grade B live poultry items, (as well as dressed) are established at 1 $\frac{1}{2}$ ¢ per pound below prices for corresponding Grade A poultry items; and prices for Grade C live and dressed items are established at a level of 4¢ per pound below prices of corresponding grade A live and dressed poultry items.

The grade standards for live poultry items are necessary for enforcement purposes, also for the purpose of checking evasionary tactics whereby inferior grades of live poultry are sold at prices established solely for superior grades.

Poultry, excluding ducks, and geese, otherwise eligible for Grade A Grade B and Grade C classification but which has been subjected by water for dressing at a temperature higher than 135 degrees Fahrenheit, shall remain eligible for Grade A specifications and may be sold at Grade A prices provided that such poultry has not been frozen and stored under refrigeration,

I will be happy to endeavor to answer any questions you may have.

Among the questions prompted by Mr. Henshaw's speech were the following:

- Q. Whose responsibility is it to investigate compliance with Federal grading standards?
- A. The OPA Enforcement Division and various cooperating agencies.
- Q. Have there been any indictments or convictions for black market activities in New York?
- A. A series of injunctions have been issued. Very shortly we will see the results of these investigations.

Mr. Henry E. Milford, Commodity Specialist, Food Price Section, Regional OPA staff, delivered the following speech:

EGGS AND EGG PRODUCTS *PR 333

The products covered by this regulation are shell eggs, whole frozen eggs, frozen yolks, frozen whites, sugared and salted frozen yolks, reconstituted eggs, frozen and liquid egg mixtures and blends, liquid whole eggs, liquid yolks, and whites, dried yolks and dried albumen, dried egg mixtures and dried whole eggs.

Maximum prices of shell eggs are covered at the cost to the retailer or commercial, industrial or institutional user. Frozen, dried and liquid egg products are covered at the cost to a wholesaler delivered to the wholesaler's warehouse.

These products were formerly controlled by Temporary Maximum Price Regulation No. 22, effective October 5, 1942 and fixed maximum prices for certain essential food products including eggs at the highest prices charged by a seller in the base period September 28 to October 2, 1942. December 3, 1942 TMPR 22 was superseded by Maximum Price Regulation 230.

It was planned when TMPR 22 was issued, to issue regulations having specific prices for various grades and weights of eggs and egg products as soon as it could possibly be done. Numerous objections were made to the use of the freeze technique in establishing maximum prices for eggs and egg products.

- (1) Prices for particular grades were in abnormal relationship to each other during the base period.
- (2) Maximum prices were established in competing markets thereby causing a situation which had a tendency to promote supply dislocations.
- (3) Maximum prices established for some sellers in a market were at a higher level than those established for competitive sellers of the same class of the identical item permitting an inequitable advantage.

OPA then consulted and advised with the Department of Agriculture and issued APR 333.

Shell Eggs - You are acquainted with the general statistics covering shell eggs which are set forth in the statement of considerations. However the following statements we consider worthy of mention.

- 1) It is estimated that approximately one fifth of the total number of eggs marketed are held in storage for at least thirty days.
- 2) War time necessity requires substantial increase in the volume of shell eggs produced.
- 3) Prices of eggs at farm level has been below 1910-14 parity during the early 30's and again in 1938 to 1942, on a yearly average basis. During the spring and summer months egg prices reached parity but the fall and winter months on a ten year average were below.
- 4) During World War the price of eggs rose sharply reaching a peak of about 220% of parity.
- 5) In 1942 egg prices remained above and slightly below parity for all months until they dropped to 93% in September and 80% in October 1942. Retail price index in 51 cities in June 1942 was 119.7%.
- 6) Prices of eggs have been favorable relative to most other farm prices during the past 20 years.

Egg Products -- Liquid and frozen eggs are sold to bakeries, manufacturers of mayonnaise, egg noodles and also used for drying purposes during the fall and winter months.

The manufacture of dried whole egg is by far the largest industry in the production of egg products.

Description of the Regulation

Maximum prices are established seasonally using basing point system for eggs and egg products, with appropriate tables of base prices by weeks or by months.

Shell eggs and all egg products (except dried eggs), the United States is divided into two areas namely 1 and 2. Number 1 area consists of the states Connecticut, Delaware, Indiana, Kentucky, Maine, Michigan, Massachusetts, New Hampshire, Maryland, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia and District of Columbia. Area 2 comprises all of the remaining states. After studying market conditions and trade practices, it was found best to use these areas for establishing maximum prices for shell eggs, and liquid and frozen egg products in order to have uniform prices and to serve deficit areas for these products.

Dried egg products are purchased chiefly by the United States or agency thereof rather than by consumers. Therefore it was not necessary to establish two areas in order to maintain uniform prices for dried egg products.

Except in the case of "assorted eggs" - "dirties and checks" the regulation requires the sale of eggs to retailers and commercial, industrial, institutional and non-federal government users, in accordance to consumer grades established by the Department of Agriculture. In the past there have been wide variation in the prices for shell eggs due to lack of an established system of grading. It is necessary to establish definite grades and standards for eggs in order to have definite prices for specific commodities.

Government purchases of eggs are made according to the procurement grades established by the Department of Agriculture.

Tables are provided for seasonal prices for Large shell eggs having a minimum weight of 24 ounces per dozen since this size of eggs is sold in greater quantities and forms a convenient basis for establishing maximum prices. Eggs of larger and smaller sizes are priced correspondingly and according to grade. In order to avoid disrupting normal trade practices, sales of ungraded shell eggs which are graded by retailers are exempt from this regulation, but when graded by the retailer, are covered by Maximum Price Regulation No. 268, as amended. The ungraded eggs are designated as "assorted eggs". Such ungraded eggs that are not graded by retailers are not exempt from this regulation, and seasonal prices are established for as "assorted eggs" in the same manner as the consumer grades.

In establishing the maximum prices of shell eggs, a "transportation factor" is used. This "transportation factor" is the actual carlot freight rate per pound to or from a basing point city or from Chicago, Illinois to the place of delivery of shell eggs multiplied by a "multiplier". This multiplier varies according to two periods and the grade of shell eggs sold. For the months of December to May, inclusive, the multiplier for each consumer grade of shell eggs is 1.9 and for the period from June to November, inclusive, the multiplier varies from 4.0 to 1.9 depending upon the consumer grade of eggs sold. During the months from December to May, inclusive, the multiplier includes the factor for translating dozens of eggs into pounds for freight rate purposes and a factor for icing. The higher multiplier for the period from June to November, inclusive, includes in addition to the foregoing a factor for deterioration in grade while shell eggs are in transit. The "multiplier" for procurement grades varies on the same seasonal basis. The transportation factor for frozen and dried eggs products includes a factor for tare and icing.

Where eggs of procurement grades are not obtainable or not suited to the particular use, the United States or any agency thereof may purchase eggs according to consumer grades and in quantities of not more than 1500 dozens. Maximum prices for shell eggs are not established at levels prior to the sale of shell eggs to the retailer at this time. However, maximum prices are fixed for sales by farmers and other sellers except retailers to ultimate consumers. Except for sales of frozen and liquid egg products from the refrigerated warehouse or manufacturing plant, and for certain purchases of dried whole eggs by the United States or agency thereof, the maximum prices established are for eggs and egg products delivered to the purchaser. Sales at prices F.O.B. the seller's shipping point are prohibited in order to establish definite prices and avoid evasions.

In establishing maximum prices for frozen and liquid egg products, maximum prices have been established first at refrigerated warehouses in basing point cities or the manufacturer's premises from which they are sold. Certain increases to maximum prices are permitted for delivery of less than carload lots from the refrigerated warehouse or the manufacturer's premises. Since frozen egg products are sometimes kept in the refrigerated warehouse for several months before being sold in less than carload quantities, the seller in calculating his price for the lesser quantity uses the price for sales of carload lots shown in the table of maximum prices for basing point cities for the month in which such frozen egg products are delivered to the warehouse at his basic price.

The customary method of contracting for the sale of frozen and dried egg products during the spring season is considered desirable, and this practice is recognized by the regulation.

The maximum prices of this regulation comply with Sections 2 and 3 of the Emergency Price Control Act of 1942 as Amended and with Executive Order No. 9250. Section 3 of the Emergency Price Control Act as amended and modified by Executive Order No. 9250 also requires that no maximum prices shall be established or maintained for any agricultural commodity, below a price will reflect to producers the higher of the following prices.

- 1) Parity price as adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials.
- 2) The highest price between January 1, 1942 and September 15, 1942.

In as much as the prices established in this regulation will reflect an average 109 percent of parity to the farmer during the year and higher farm prices in most months have prevailed for many years, it is clear that the new maximum prices will reflect the increases in labor and other costs since January 1, 1941, giving adequate weighting to farm labor.

In addition to the increases in the prices of eggs and egg products which had already taken place, there was a threat of serious inflationary advances unless a permanent regulation fixing prices for them at about the levels specified in this regulation as issued. Heavy purchases of eggs and egg products were being made by the government for consumption by our armed forces and for Lend-Lease shipments. Therefore, it was the judgement of the Price Administrator that prices of eggs and egg products had risen and threatened to rise to an extent and in a manner inconsistent with the purposes of the Emergency Price Control Act of 1942. Accordingly Maximum Price Regulation No. 333 was issued February 25, 1943 and effective March 6, 1943.

The Price Administrator has advised and consulted with representative members of the industry which will be affected by this regulation.

Mr. Milford noted that the definition of "assorted eggs" is inadequate, and that a correction has been made in APR 333; namely that under 1429.67 (f) (5) and (6) the words "and assorted eggs" should be deleted.

Mr. Henry Hamann made the following statement on the Federal-State egg and poultry grading program: "Egg and poultry grading work as conducted by the Inspection and Grading Division of the Dairy and Poultry Branch of the Food Distribution Administration is handled on the basis of cooperative Federal-State agreements. These agreements are entered into between the FDA and the State Departments of Agriculture as well as the Extension Services in those States where such programs are desired. The Extension Services are used for purposes of presenting educational material to producers, processors and other interested parties in the conduct of the grading programs. The actual work of inspection and supervision is handled by the employees of the State Department in cooperation with and under the supervision of the FDA. Since all grading work is on a self-supporting basis, the above mentioned cooperative agreements are entered into as at the start, at least, funds are not available for the employment of personnel and it is felt further that the various State Departments of Agriculture are in a position to maintain closer contacts with the particular State problems than would be possible for any Federal men who might be appointed

from outside the State. Such State employees are under the immediate supervision of a Federal Supervisor for the purpose of coordinating and keeping the various grading programs on a uniform basis. Grading agreements are now in effect in the various States with the exception of some New England States and New Mexico. These agreements are for the purpose of offering grading service to commercial organizations and other interested parties. There is also in effect in all of the States a master agreement, known as AMS-1200, which covers the grading of commodities offered solely to Government agencies.

The grading of dairy and poultry products is carried forward on the basis of tentative or official standards and grades promulgated by the U. S. Department of Agriculture. Persons or individuals showing proper qualifications may be licensed as official samplers, graders, or supervisors. These licenses are issued on the basis of examinations which are held in conjunction with grading schools conducted by Federal and State people and are for the purpose of acquainting those in attendance with the proper interpretation of the U. S. Standards and Grades for dairy and poultry products. Two types of licenses are issued for this work. First is the full licensed grader, to whom is given authority to issue grading certificates and, secondly, the limited licensed grader who does not have the above mentioned authority and who must be employed under the immediate supervision of a full licensed grader. The rules and regulations as set forth by the Secretary of Agriculture, known as Service and Regulatory Announcement No. 137, Revised, which became effective on January 2, 1942, form the basis for authority to act under Federal-State agreements. These rules and regulations set forth the various points which must be considered in the conduct of these grading programs as these relate to fees and charges, the issuance of certificates, grade labels, and other pertinent information relative to the grading of dairy and poultry products. It is to be noted that these regulations require that individuals employed as licensees or agents of the Federal Government are forbidden to take active part in political management or political campaigns. This last item becomes of vital importance since certificates issued under the regulations of the Secretary are *prima facie* evidence and are acceptable in any court as such.

In order for commercial organizations or other interested parties to avail themselves of the service offered under these Federal-State cooperative agreements, such firms or individuals enter into contracts for the service which stipulate certain requirements with reference to salaries of graders and their supervision, and such other pertinent information as may relate to the work to be carried on under such contracts. It is possible for graders under the terms of these contracts to be either Federal employees or they may remain on the payroll of the firm under bond to the Federal Government for the proper performance of their duties. The program is arranged so that the greatest degree of flexibility is possible within the bounds of the rules and regulations laid down by the Secretary. At the present time, consideration is being given to a development of master agreements which will be uniform for all States and which will incorporate supplementary attachments there to covering the various operating procedures in different States. It is hoped that this arrangement will result in a greater use of the service with the thought in mind that the immediate State problems can be handled more effectively than is the case at present under existing agreements."

On the second day, Mr. Ray Jones, Extension Poultryman, Connecticut, and Dr. R. C. Bradley, Extension Poultryman, University of New Hampshire, read to the conference a list of resolutions which were drawn up at a special meeting held the previous night by representatives of the Extension Service of the various states.

Among the comments on this report were the following:

- Q. Would any of the auctions that are putting in the grading service be harmed if the AA grade were removed?
- A. We are not asking for the removal of the AA grade. All we ask is that they be handled the same as A, B, and C grades.

Reporting on a meeting of marketing officials held the previous evening, Mr. C. M. White, State Division of Markets, Augusta, Maine, made suggestions and proposed resolutions.

Resolutions of both Extension and marketing groups were unanimously adopted. Messrs. R. L. Jones of Connecticut, C. M. White of Maine, and R. F. Thurrell of New Hampshire, were elected as a committee to carry out the resolutions and suggestions of both reports. These gentlemen then recommended that the existing Neppco Committee carry out the action on these resolutions and their names were added to the membership roll of that committee. Copies of the resolutions and suggestions have been provided to members of the conference.

A marketing official from each state in this region was called upon to give a brief resume of the egg and poultry marketing activities in his particular state. Following are some of the most significant comments:

Mr. S. G. Duncan, State Department of Agriculture, Albany, New York:
"On February 27th we got out a maximum price bulletin on shell eggs, and we also got out a release on poultry. We have been running a used container clearing house on egg cases."

Mr. B. P. Storrs, State Department of Agriculture, Hartford, Conn.:
"We have four co-ops. We are working with the local OPA office to try to simplify our relationship with them."

Miss G. Maertens, State Department of Agriculture, Providence, R. I.:
"Surveys have been made of retail stores concerning maximum prices."

Mr. J. Kroeck, State Department of Agriculture, Boston, Massachusetts:
"We send inspectors to check on egg price regulations. We also give out information with reference to OPA regulations."

Mr. C. M. White, State Division of Markets, Augusta, Maine:
"We are putting out information through weekly market bulletins, and trying to help OPA to get in touch with agencies and individuals in order to carry out their work effectively."

Mr. W. A. Felker, Bureau of Markets, Concord, New Hampshire:

"We are giving out information to farmers on orders and regulations. We also make surveys of the container problem."

Mr. H. A. Dwinell, Division of Markets, Montpelier, Vermont:

"We are working closely with State, FDA and WPB offices. We also prepare a bi-weekly market review concerning state market conditions."

Mr. G. E. Zich, State Department of Agriculture, Trenton, N. J.:

Mr. Zich drew a diagram of the different poultry centers in New Jersey on which he indicated their volume and explained black market operations. He expressed fear that the current black-market operations in poultry will be extended to eggs.

Mr. E. J. Lawless, State Bureau of Markets, Harrisburg, Pennsylvania

"We try to interpret OPA regulations as best we can. We do not publish bulletins or news releases on them. We have agents in the field who contact producers and retail stores."

Mr. W. H. Rice, Extension Service, College Park, Maryland:

"To overcome the educational problem, we have inaugurated meetings, working with consumer organizations and retail merchant organizations. Also, we are cooperating with OPA."

Mr. W. C. Beaven, Supervising Inspector, Maryland State Department of Markets reported that Maryland is doing the grading of Delaware eggs.

In answer to a question of Mr. Thurrell, Mr. S. Poses, Enforcement Attorney of OPA, explained that OPA controls the poultry sales price, but that with all the rigid regulations, they cannot completely control violations.

The following motion which was unanimously adopted was offered by Mr. Rice and Mr. Storrs:

"To correct black market operations and price ceiling violations we feel that the only solution is proper enforcement by OPA, and we therefore recommend immediate steps for prosecution of violation of poultry and egg price ceilings and publicity regarding such enforcement."

Mr. Todd, president of NEPPCO made incisive criticism of OPA and urged that steps be taken to revise certain OPA regulations and to improve enforcement. At Mr. Todd's request, no notes were taken of his speech or of the discussion which followed.

It was anticipated that as a result of these conferences, representatives of the various agencies will set up committees to develop and conduct educational programs and will assist all interested persons in the various states to buy and sell poultry products in accordance with the OPA's maximum price regulations and market rules.